



Customer orientation and further development plans for saving
and credit co-operatives of Nepal
Case: Real saving and credit co-operative limited

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ABSTRACT

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<p>The topic of my thesis is customer orientation and development plans. The first objective of the research is to study the customer orientation of saving and credit co-operatives in Nepal. Secondly, this research aims to develop creative plans and ideas for increasing the number of customers in the case company through promotional activities. Lastly recommendations for the case company are generated for building up trust with the customers and for the company's financial and organizational success.</p> <p>Both qualitative and quantitative methods are used as a single case study for the case company. As the objective of the research was concerned about customers and development plans of the case company, a semi-structured interview was conducted with the chairman of the case company for the information about the company and operation of saving and credit co-operatives in Nepal. Additionally, the customers of the case company were surveyed through a questionnaire survey to identify the services and obstacles of saving and credit co-operatives in Nepal. Further, relevant literatures, journals, books and internet articles concerning the operation of saving and credit co-operatives in Nepal are studied and included as the source of information.</p> <p>The research accumulates the possible solutions to build up trust relation with the customers helping the case company to increase their number of customers. Further, the research highlights the perception of the customers on saving and credit co-operatives through the results of the survey for the development of saving and credit co-operatives in Nepal and recommendations are generated through 7Ps of marketing mix. The data collected from the interview and survey were analyzed and the result suggest that saving and credit co-operatives in Nepal are boosting up the nation's economy and helping in developing society by creating job opportunities, providing loans, depositing savings, developing human and social works.</p> <p>The findings of the research indicate that saving and credit co-operatives in Nepal are helping the people of Nepal to provide financial assistance to support their living standards. These small organizations motivate the society and people in the overall development and progress of economic condition of the nation.</p>	
Keywords: customer orientation, development, plans, marketing mix, 7Ps, Nepal.	

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1 INTRODUCTION

The thesis deals with the actions and importance of customers' role in a saving and credit co-operative limited company and the necessity of the case company to be customer oriented. The research concentrates on the customer orientation of saving and credit co-operative organizations which operate in Nepal. Customer orientation here means the customers wants and desires from the co-operatives and the advantages and facilities they receive from the organization. The research also focuses on creating plans and ideas for the further development of the case company Real Saving & Credit Co-operative Ltd. The case company wants creative plans for increasing the number of customers in the organization and possible ideas and suggestions for its financial and organizational success. Furthermore, the research aims at yielding convenient solutions and ways to building trust and long term relationship with the customers with the case company. Marketing activities and recommendations are carried out in the research in order to extend the publicity and information about the company for trust building among customers and retaining them with the company.

1.1 Background and Motivation

Co-operative sectors have been considered as one of the three pillars for the national development by the interim constitution of Nepal (DEOC 2011). According to governor of Nepal Rastra Bank (Khatriwada 2011), saving and credit co-operative is alternative of financial institutions which serves rural area people to get an easy access to financial activities where banks and financial institutions have not yet entered (The Himalayan Times 2011). The department of co-operatives in Nepal perceives co-operative sector to lead in the economic development of Nepal (DEOC 2011). Saving and credit co-operatives have different categories of customers. According to the chairman of the case company, customer orientation measures the expectations of the customers which are to be fulfilled by the good services from the company.

The customers expect good services and satisfaction from the customer oriented company so the company should provide better services to fulfill the customers' needs and wants (Aryal 2013). Co-operative organizations are growing rapidly in Nepal. According to the Himalayan Times (2012), Division Cooperative Office of Nepal has approved 3,017 co-operatives in the capital city Kathmandu. The budget year of 2011 in Nepal shows 2,853 savings and credit co-operatives operating in Nepal (The Himalayan Times 2012). This statistics refers to the fact that saving and credit co-operatives in Nepal are given higher priority by the people and they have become an integral part of the nation for the financial transaction business. Hence, many saving and credit co-operatives are increasing every month according to the statistics. The figure shows that people in Nepal prefer to choose saving and credit co-operatives for their monetary transactions as the number of co-operatives in Nepal are increasing rapidly within a short time. The increase in saving and credit co-operatives and its necessity for the people of Nepal helping them in their financial needs is one of the main motivations for the research as it can benefit for customer orientation for the co-operatives and their development processes. According to Sthapit (2008), some of the saving and credit co-operatives exceeded the turnover compared to other financial companies because of the high number of depositors. This shows that saving and credit co-operatives play a vital role in boosting up the country's financial sectors.

In co-operative organizations, the performance satisfaction of their operations is measured by building trust and good relations with customers. Good relations and trust with customers play a vital role in the operation of co-operative organizations. (Morrow & Hansen & Pearson 2004, 60-61.) Saving and credit co-operative organizations are categorized as class D type of financial institutions by the financial legislation of Nepal which serves more than 10 million people of Nepal. These saving and credit co-operatives which are operating in the financial sector provide economically and underprivileged citizens' easy access to saving and credit services across the nation. (Sthapit 2008.) Therefore, saving and credit co-operatives can be regarded as beneficial organizations for the nation and a motivation for the research. Further, my interest in financing and accounting field and my aspirations to work in banks and financial institutions made me motivated in selecting this topic for my research.

The motivation in the research is based on the requirements of the case company as well. The research includes findings about customers' perceptions regarding choosing saving and credit co-operatives for their monetary transactions. For gathering customers' viewpoint about benefits and the case company, empirical research has been conducted. Hence the research conducted for the thesis targets to benefit the case company for increasing their customers and developing innovative plans for their further organizational and financial success of the company.

1.2 Case Company

The case company of the research is Real Saving & Credit Co-operative Limited of Nepal. The company was established in 2001 in Kathmandu, Nepal and does not have any other branch offices elsewhere. They have regular customers who perform day to day activities and receive services from the organization by providing financial solutions that meet their needs. It is an organization helping their customers to deal with financial and economic transactions such as depositing money, taking loans, getting interests as well as managing other monetary transactions. Additionally, the organization gives more emphasis on human development and social unity by providing credits and affordable saving rates to the people of Nepal.

The organizational chart of the case company can be seen in the figure below according to the chairman of the case company:

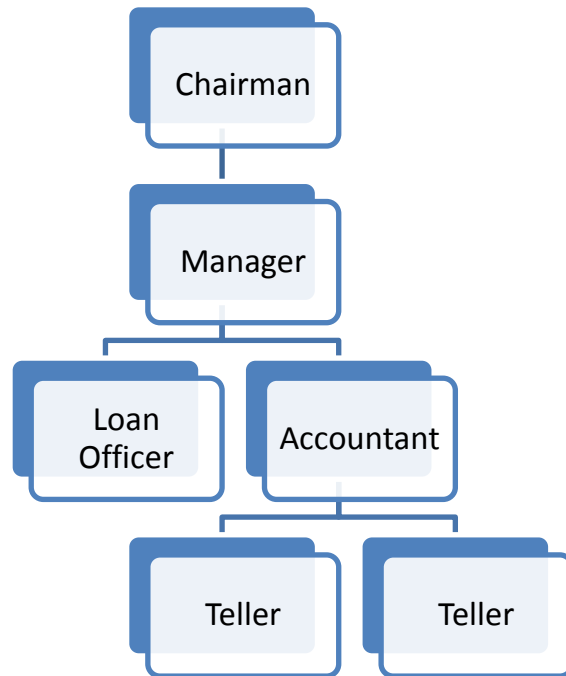


Figure 1. Organizational chart of the case company (Aryal 2013)

The organization is operating with a total of nine employees working as a team. The chairman is the head of the company making vital decisions for the company. He ensures that the company is operating in the right track and the company's decisions are taken according to the customers' needs and wants. The manager of the company performs managerial functions of financing and management services for the company. The accountant and loan officer performs their job according to their respective departments and provides services to the customers. Apart from these, there are two collectors who are responsible to visit the clients and collect the savings.

This case company is used in the research because the company possesses the experience in dealing with the customers and has been operating efficiently since 2001. The case company is used to obtain information about the role of the customers' in saving and credit co-operatives operating in Nepal and also for the company's performance. Further, the case company wants to increase the number of their customers and wants to have possible and creative strategies designed for their further development. The number of customers in the company changes every

year according to the customer's financial situation (Aryal 2013). The situation of the number of customers that the case company consisted from the year 2005 to 2012 can be shown in the line graph. Line graph enables clear comparison over other forms (Hussey and Collis 2009, 311) as shown below:

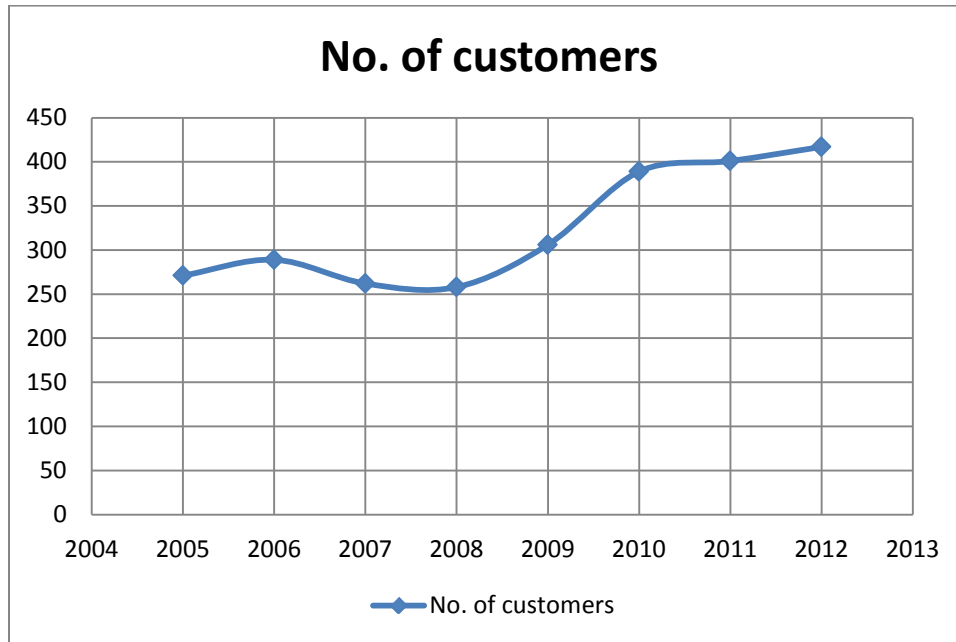


Figure 2. Number of customers per year of the case company (Aryal 2013)

The above graph shows the number of customers that the case company operates their services since 2005. In 2005, there were 271 customers that the company had. It gradually increased till 2006 but due to political and economic condition of the country the number of customers started to decrease in 2007 and 2008. After 2007, the company made changes in the interest rates and provided better services of loan and credit facilities to the customers which increased the number of customers till 2012. (Aryal 2013.)

The chairman of the company does not feel fully satisfied due to the slow increment rate of the customers. In the period of 4 years (2009-2012), the company could increase only 159 customers

which the chairman thinks is less number than he had expected to increase. He wants his company to involve more number of customers than in recent rate. So, he wants some new plans and ideas which the company is lacking in attracting the customers of Nepal to his company.

1.3 Research objectives and questions

The research aims at studying customer orientation of saving and credit co-operatives in Nepal. The motive of different categories of people of Nepal and the reason for choosing saving and credit co-operative organizations for their financial transactions is the focus of the research. Secondly, the research concentrates on developing creative plans and ideas for the case company for increasing the number of customers through marketing and publicity activities. The actions and services that the company offers considering the customers' needs and satisfaction will be highlighted in the research. Further, the research has the objective of providing ideas and solutions for maintaining trust relation with the customers and generating recommendations for the organization's financial and organizational success.

In relation to the research objectives, the following research questions have been generated to achieve the objective of the work.

The first research question addressed in this research is as follows:

1 What elements of facilities influence the customers to choose saving and credit co-operatives rather than banks or other big financial institutions for their monetary and financial activities?

The research question focuses on the beneficial financial facilities and services that the co-operative organizations provide to the customers which other financial institutions and banks lack. Moreover, the research question concentrates on the advantages which the customers

receive from the saving and credit co-operatives and the importance given to the co-operatives by the customers in comparison to other financial institutions and banks. The facilities of the case company which are provided to their customers will be known from the answers of the research question. An interview with the chairman of the case company is conducted focusing on the services and elements of facilities provided to their customers. Additionally, the customers' perceptions on facilities of saving and credit co-operatives are analyzed through the questionnaire survey conducted among the customers of the case company.

The second research question is addressed as follows:

2 How do marketing plan and publicity activities help in increasing the number of customers in the saving and credit co-operatives?

One of the objectives of the research is to increase the number of customers in the case company and retain the customers for the long term. This research question focuses on the marketing activities for creating publicity among the people and the creative methods and procedures that the case company adopts to increase the number of depositors in the company. To specify the research question, the methods and procedures that the case company adapts to alert the public about their organizational goals and to attract them to the company will be identified. In addition, the importance of marketing activities for attracting the customers will be recognized. As the depositors and customers help in the progress of co-operative organizations, building up good relationships with the customers is very important. Hence, the objective of the research question is to find out how marketing can benefit in increasing the number of customers for the case company.

The third research question find answers to the following question:

3 What actions are to be taken and strategies to be created for further development and promotion of the case company to compete with other co-operatives and banks?

This research question concentrates on the actions and strategies to be created to plan for the development of the case company. On the basis of the answers to this question, the factors that create impact on or obstacles to the company's operation must be learned and analyzed to develop possible strategies and creative plans for the company's development. Analyzing the impacting factors, suggestions for the company will be made. Literature analysis is used to identify the necessary information. Further, an interview with the chairman of the case company and a questionnaire survey is conducted to answer this research question.

1.4 Structure of the thesis

The structure of the research work is presented in figure 3 in the following sub-chapter 1.4. The figure shown below summarizes the whole framework of the chapters and sub-chapters that are included in the thesis for the readers to receive brief information about the general concept of the thesis.



Figure 3. Structure of the thesis

Figure 3 clearly shows the entire framework of the thesis. The thesis is divided into 6 chapters initiating with the introductory chapter. The introductory chapter includes the background and motivation for the research. Further, a brief introduction of the case company is presented in this chapter. Additionally, the research objectives and questions of the research work are included in this chapter. Chapter 2 in the thesis introduces the research methodology chapter where the research process and techniques for data collection are elaborated and accompanied with the limitations of the research.

Chapter 3 of the thesis focuses on the literature review of the research work. The main concepts of the thesis are explained in this chapter and the process of formulating long term strategic plans for the customers is described as well in this chapter. In addition to it, SWOT analysis of the case company is presented in the chapter. Following chapter 3, analysis of the empirical data is presented in chapter 4. The results of the interviews and questionnaires are explained and analyzed in this chapter. Next to chapter 4 is the suggestions made for the case company for its further development based on the survey and 7Ps of marketing mix in chapter 5. Lastly, conclusions and findings of the research are made in chapter 6.

2 RESEARCH METHODOLOGY

The research design of the thesis process is discussed in this chapter. It comprises the elucidated thesis process and research techniques which were a perquisite part of the work. Finally this chapter concludes with the limitations of the work.

2.1 Research Process

The topic of the research is customer orientation and development of saving and credit co-operatives. The research initiated with studying and examining the situation of saving and credit co-operatives operating in Nepal and their customer categories through various online sources. To gain additional information, friends and relatives working and dealing with saving and credit co-operative organizations were contacted. After analyzing the situation of the organization, the targeted population for the survey was identified. A set of questionnaire was designed to the customers of the case company in relation to the objectives of the research. A sampling technique was used in the survey process to simplify and reduce the time for the questionnaire.

After the necessary adjustments to the sampling size were made, the questionnaire was sent to the chairman of the case company to distribute to the customers of the case company. The respondents were provided a period of 3 weeks to respond to the questions in the questionnaire. The data and results received from the questionnaire survey were analyzed in the form of tables and graphical scales that are presented in sub-chapter 4.2. In addition to the survey process, a qualitative interview in the form of semi-structured interview was conducted with the chairman of the case company. The interview was conducted in the Nepali language. The contents of the interview were translated into an English transcript and the congruence between the two language versions was verified by the manager and chairman of the case company for the approval. The interviewee was asked prepared questions sent through email. As was discussed

previously, the interview was semi-structured, further questions were developed and asked to the interviewee through Skype as well and notes were taken during the interview. The emphasis in the interview was on receiving information about the operation of the saving and credit co-operative organization and the feedback the case organization receives from the customers. Further, recommendations and suggestions for the company's development were made on the basis of customer's perception about the organization.

Moreover, relevant literatures and journals were studied to enhance the operation procedures of saving and credit co-operative organizations in Nepal. The research techniques on how the research methods are applied in the research are clarified in the following sub-chapters

2.2 Research Methods

The thesis is based on qualitative and quantitative approaches of research methods. A case study method was applied for effective data collection in addition to the qualitative and quantitative methods of research. A semi-structured interview and a questionnaire survey with probability sampling technique were conducted to strengthen the research and data collection.

2.2.1 Case Study

The use of case study method is becoming increasingly common for research purposes in management (Gummesson 2000, 83). According to Ellet and William (2007, 13), "cases represent reality which put the reader in the role of a participant in the situation." The case study should present the readers a clear and logical view of the situation and process. The case study method was used in the research because it helped in examining the process of the operation of

co-operatives in Nepal and also helped in analyzing the customers' perception and their view on saving and credit co-operatives.

The case study research provides an opportunity for a comprehensive and an entire view of the research process. The observations included in the case study facilitate to study different aspects and examine them in relation to each other. (Gummesson 2000, 86.) As was discussed previously, both qualitative and quantitative researches are used in the thesis, the use of case study in the thesis helped to support the qualitative and quantitative part of the research (Ghauri & Gronaug 2005, 116).

2.2.2 Research Techniques

As was discussed previously in sub-chapter 2.2, for the research methods, both qualitative and quantitative types of research were conducted as a single case study for the case company. A semi-structured interview was conducted for gathering the information about the case company, their customers and operation of co-operative organizations. For effective data collection process, empirical research was conducted through a set of mailed questionnaires to the customers of the case company. To make the survey effective and comprehensive, sampling technique was used and applied which are explained in sub-chapter 2.2.3.

For the framework of the research, previous relevant literatures, books, magazines and articles were used for gathering the information and necessary findings of co-operatives to achieve the objectives of the research. Literature analyses helped in identifying the theoretical framework in the research and annotate the findings of the research.

2.2.3 Sampling

To facilitate the survey process, a sampling technique was used in the research process. Conducting survey among the entire population requires time and is costly. Hence sampling technique is used for providing information in decision making for minimizing the cost and time. (Hair & Money & Samuel & Page 2007, 170-171.) When the target population is known and is selected randomly, a probability sampling method is done which is applied in this research. Probability sampling reduces sampling error and ensures that the sample is representative. (Greener 2008, 47-48.) Hence, a simple random sample in the probability sampling method in this research ensures that every customer of the case company has an equal chance of selection for the survey.

The targeted population for the questionnaire survey was the customers of the case company. According to Aryal (2013), the number of customers may increase or decrease anytime depending upon the customers' interest in the company. If the customers feel dissatisfied with the company's services, they may withdraw their membership and vice-versa. Taken this information into consideration, out of total number of customers of the case company, 145 customers were decided to be the sample size for the survey. The sample was random which included customers of different ages, occupations, location for better analysis of customer categories.

2.3 Limitations of the research

The research includes some limitations along with the advantages. For the analysis of the operation of saving and credit co-operatives in Nepal, an interview with the person who possesses good knowledge of saving and credit co-operative background was necessary. For the interview, I conducted one semi-structured interview with the chairman of the case company. I studied the background of the case company and found out that the chairman was serving the organization and working actively since its establishment. He gains complete knowledge about

the organization and their customers' background and information as well. He was perceived as the right person who can answer all the queries that were essential for the research. Hence interviewing only one person for the research seems to be one of the limitations of the research.

The number of customers in the case company was big enough for the questionnaire survey. Out of 140 customers surveyed, 52 customers were active in providing the response rate of 34.5%. The current response rate may be regarded as a limitation of the research from the point of view of the reliability. It was time consuming to survey all the customers of the case company and, therefore, sampling method was used to avoid the obstacles in acquiring the results of the survey for the analyses in the research. The results and analysis of the questionnaires are presented in chapter 4.

3 ESSENTIAL QUALITIES TO BE CUSTOMER ORIENTED

An explanatory description of the main concepts of the research and the related subject matters of the research is provided here. The chapter aims to identify the relevant theoretical knowledge and comprehensive perception on the research topic. The literature review provides a good overview of the research area.

3.1 Customer Orientation

Customer orientation provides a superior value to the customers that identify and analyze the customers' needs and directs the business activities accordingly throughout the company (Brännback 1999; Bhatnagar 2009). The saving and credit co-operative organizations in Nepal can operate successfully when the people have trust in the organization and meet the people's requirements in their needs of financial conditions. The increment in the number of customers and depositors in the case company benefits the company to boost up their activities in serving the customers in terms of loans and interest rates. Customer orientation monitors the needs of its customers and enables the company to develop business strategies with a focus on customer needs (Narver and Slater 1990). The customers are the important aspect of the financial institutions which the company should ensure that proper customer care is done effectively.

The case company has the mission to develop the customers by providing financial assistance and support to them. The categories and requirements of the customers vary according to the location, occupation, sex and tribes of the customers. The questionnaire survey conducted in the research helped in determining the customer orientation of saving and credit co-operatives in Nepal.

3.2 Formulating long term strategic plans for retaining and attracting customers

The case company requires long term strategic plans in order to retain and attract new customers for their organizational growth. The process for formulating long term strategic plans primarily concerns with the analytical procedures of planning and monitoring (Stacey 2011, 72). Before any actions are to be taken in the operation of the company, specific goals and plans must be developed in mind because the long term plan requires long term predictability. The aims and objectives of the company must be identified before making any strategic plans. (Training 2010; Stacey 2011, 72.) The different level of planning which helps the company in the process to achieve their organizational aims and objectives can be explained with the help of the figure presented below.



Figure 4. Levels of Planning (Ritson 2011, 17)

Figure 4 describes the different levels of planning according to Ritson (2011). Every organization is established with a certain mission for their operation. To achieve those missions, effective plans and strategies are to be made and implemented. The case company has the

mission to increase the number of customers in their organization and develop their organization financially and socially. The mission is linked with the idea of vision (Ritson 2011, 18). Hence preparing effective plans assists in achieving optimistic results to achieve the mission by the company. After the mission is targeted by the organization, management activities must be performed in order to achieve the objectives of the company. The case company has the objective of increasing the number of customers and providing them good services. The management activities within the company such as taking managerial decisions of increasing the interest rate and providing them beneficial loan facilities will play a critical role in achieving those aims and objectives of the company.

Strategies in the levels of planning relate to broad areas of a company's operation and provide direction and co-ordination in the company's internal activities (Ritson 2011, 18-20). The strategies that the company plans should be acceptable in terms of financial performance if they are to produce success. The strategic option such as cash flows, assets, liabilities, profit levels and capital should determine the acceptability to the long term plans. (Stacey 2011, 74.) Having the strategies accepted, the next step that the high level executives must cross is to make it feasible and viable. The company should make sure that the plans and ideas that are targeted for financial resources in the company are achievable and realizable for the company. A flow of fund analysis that records the timing, capital expenditures and other costs is used by companies to measure the financial resource for the feasibility. Additionally, the availability of skilled persons in the organization will also be a major determinant of the feasibility of strategic options. (Stacey 2011, 75.) The top level executives in the case company could make the plan for the long term success of the company which should be acceptable as well as feasible in terms of financial performance. After the establishment of feasible strategies for the organization, it must be demonstrated that the strategy has a strategic logic and is suitable for the organization's capability. Strategic logic determines that the strategy planned meets the objectives of the organization to adapt to the company's system, structure and culture. (Stacey 2011, 75.) The strategies that should be made for the overall development of the company should be planned taking the missions, objectives and visions of the company into consideration.

The finalized details of the strategic decisions are implemented by the company and the tactics are put into effects (Ritson 2011, 18). The final tactical decisions in the level of planning help to change the circumstance for effective decision making process. Consequently, the tactical decisions are approved and put into action by the company to achieve the mission and objectives of the company. In addition, the decisions to be implemented should meet the rules and programs of the company to achieve the objectives of the company in an effectual manner.

3.3 Building trust and relationship with the customers

The case company has been registered under the division co-operative act in 2001 at the time of its establishment. The customers should feel secure in the institution where they deposit their savings. The companies with a good track record and an established reputation could arouse a certain level of trust (Battersby 2013). The case company has been operating efficiently since 2001 so the company is eliciting in building some level of trust with the customers till date. To attract new customers in the organization, the company should build up trust and good relation with the public. A sign of the relationship between a firm and the customer is developed when there are repetitive purchases by a customer. The objective of the research is to help to retain the customers in the case company as well. There are number of bonds that help to retain customers to a firm. (Grönroos 2007, 35.) It is ensure that the customers are satisfied with the services of the company when the customers deposit their savings frequently in the company and the customers maintain good relation with the company. The bonds that help to retain the customers in the case company would be good interest rates, effective loan facilities, good services and customer care.

Trust can be defined as one party's expectation that the other party will act in the certain way in a given situation that had been predicted (Grönroos 2007, 40). The customers should have willingness in depositing their saving in the case company after the trust has been built with the company. When it comes to businesses looking after the customer's money, trust becomes very

important (Battersby 2013). For this, the company should build up trust and sense of security to the customers by providing better facilities in interest rates, granting loans and meeting the customers' requirements. If the company becomes successful in meeting the customers' requirements then it creates an easy pathway for achieving its goals and missions.

The organization should spend more resources and time for attracting and searching for new customers in the organization. Besides searching for new customers, the organization should create emphasis on retaining the old customers too. Customer satisfaction is the main principle key to the customer retention. (Kotler 2000, 47-48.) The customer who stays longer as a loyal customer is regarded as satisfied customer for the company. The company should provide better services and facilities studying the market situation and benefit the customers to make them satisfied to retain in the organization. Retaining the customers is equally important as attracting new customers. The firms should know the long term importance of their individual customers because maintaining a long term relationship with the customers is valuable assets for the organization (Grönröös 2007, 165). Retaining the customers for the long term benefits in building up trust and maintain a good image of the organization as well. Customer satisfaction acts as both goal and marketing tool for the customer centered organizations (Kotler 2000, 37). Although the case company used in the research seeks to create high customer satisfaction, its main objective is not only to maximize the customer satisfaction rate. Maximizing high customer satisfaction rate leads to increase the services and provide offers to the customers resulting in low profits in the organization. (Kotler 2000, 38.) Therefore, the case company could operate on a philosophy on delivering acceptable level of satisfaction to the customers within the constraints of its available resources.

3.4 SWOT Analysis

SWOT analyses focus on finding and analyzing the organization's strengths and weaknesses on the resources and capabilities of the company plus the opportunities and threats which are an

important aspect of any company (Stacey 2011, 76). Based on the information provided by the chairman of the case company and sources on saving and credit co-operatives, the case company's SWOT is analyzed to reflect the company's situation and its further improvement for the future. The strengths, weaknesses, opportunities and threats of the case company can be shown in the table as follows:

STRENGTHS Active and experienced personnel Effective loan facilities Range of products	WEAKNESSES No other branches Unstable market conditions
THREATS Competition of banks and other big financial institutions Political condition Macro-economic difficulties	OPPORTUNITIES Expanding the nation's economy Human and social development

Figure 5. SWOT analysis of the case company

3.4.1 Strengths

The active and experienced manpower in the case company provides strengths in the organization. The experience of the chairman, a well-trained manager and the executives adds in

the structured decision making for the company's future prospective and success of the company. In addition to the activeness and experience of the manpower, the services of effective loan facilities for the needy people help the company in building up its strength. Loan facilities provide opportunities to the customers to achieve their necessities and requirements. The case company also supplies a wide range of products to the customers. The range of products includes saving deposit, fixed saving deposit, daily recurring deposits and employee provident fund along with the loan facilities. These ranges of products and services supplement the strengths of the company.

3.4.2 Weaknesses

The case company had been established in the year 2001. The case company has customers living far away from cities as well. The company has main office in Kathmandu since its establishment and did not open any branches till date. This can be regarded as one of the weaknesses of the case company as the service of the company cannot be provided to the customers living out of town. The unstable market condition could be another weakness for the case company. The ups and downs in the market situation hamper the number of depositors for the case company. If the market situation of the country is in a deteriorating position, it ultimately affects the economic condition of the country. Hence unstable market condition can be regarded as another weakness for the case company as it leads in fluctuation of profits in the company.

3.4.3 Threats

One of the main threats for the company could be the competition of banks and other big financial institutions. The people have more faith in banks and big financial institutions than saving and credit co-operatives which are an important aspect in monetary transactions. Therefore, more people could be attracted towards banks than in saving and credit institutions

which create obstacle in increasing the number of customers in the company. Nepal is a politically unstable country. This makes the operation of companies and organization difficult in everyday work. The political obstacles in Nepal are the main reason for hindering the economic development of Nepal and to make the macroeconomic management complicated (IMF 2012). Political instability in the country such as bandhs, demonstrations, protests etc create problems in the operation of the organizations in the country.

3.4.4 Opportunities

As was previously discussed that saving and credit co-operatives boost up the economic situation of the nation, this can be regarded as one of the opportunities for the progress of the nation in terms of economic condition. Saving and credit co-operatives are the voluntary association of a company which benefits the human in terms of financial assistance and supports them to create their own pathway. Providing loans with a low interest rate to the individuals to support their financial situation create this type of organization to sustain and to survive for a long period in the country. Therefore, saving and credit co-operatives play an important role in developing human and society in the nation.

4 ANALYSIS OF INTERVIEW AND SURVEY

The analyses of data collection done through interview and questionnaire survey are described in this chapter. The purpose of the survey and interview was to identify the company's and customers' role in saving and credit co-operatives and the way both parties benefit from each other. Further the main findings of the analyses of data are included in the chapter.

4.1 Analysis of interview

As was discussed in sub-chapter 2.2.2, a semi-structured interview with the chairman of the case company was conducted in order to receive reliable information about the role of saving and credit co-operatives for customer orientation in Nepal. The chairman of the case company was the right person to interview for finding out the answers to the research questions because he possesses appropriate and relevant knowledge about the case company and other saving and credit organizations which are operating in Nepal. The interview was conducted through Skype with the set of questions regarding the operation of co-operative organizations in Nepal which was sent beforehand via email to the chairman. The interaction of the interview has been provided to the supervisor and the second reader of the thesis. The interview questions with the answers of the chairman of the case company can be found in Appendix 2. The interview helped in receiving the information about different categories of customers in saving and co-operatives in Nepal and also identifying the factors creating impact in the operation of saving and credit co-operatives in Nepal. Furthermore, the interview was beneficial for understanding how saving and credit co-operatives challenge grade A and B type of financial institutions in attracting more number of customers particularly in the financial transactions.

The interviewee for the questions was the chairman of the case company Mr. Binod Aryal. He has been serving actively for the company as chairman since its establishment. He possesses vital

information about the company's background and he gains the right to change the company rules if needed. He gains an essential role for the overall company's activities and to make important decisions for the company. The main objective for interviewing the chairman was to gather information about the company's background and the company's progress so far. The background knowledge of the case company was helpful for investigating the offers and services provided to their customers and knowing the customers' categories and background as well.

According to Aryal (2013), the main reason for initiating saving and credit co-operative business was to help the people to support their financial condition so that they do not have a problem to face lack of proper money lending organizations in the country. The people are provided with financial help to start, promote, sustain and grow their businesses and professions by the organization. In addition, loans are provided at a concessional rate and the amount is collected in small installments to make it easy for the debtors to pay their loans. Besides, the installments are collected directly from the place of operation of their businesses making it convenient for the members to pay their loans. All these make it easier both for the organization and the debtors to collect and pay the amount respectively. Due to the availability of such facilities, our members are very happy with our services. (Aryal 2013.) The customers' feedback for the services is satisfactory but when the customers don't feel satisfied from the services or facilities then they talk about the problem so that we can deal with the problems and find out possible solutions to overcome the problem as mentioned by the chairman (2013). The main mission of the case company is to retain the old customers which the company has and also to attract the new customers as was discussed previously.

According to Aryal (2013), Real Saving and Credit Co-operative provide various offers and benefits to the customers to satisfy them such as:

- Loans are provided at a very minimum rate of interest on the basis of their savings.
- Loans are provided without any form of collateral.
- The customers need not go through long processes to get the loans. The process of getting a loan is very simple and easy.
- As per the convenience of the customers, installments are collected in daily, weekly, fort-nightly, monthly, half-yearly or yearly basis.

- The process of repayment of the loans provided has been made easy understanding the importance of the time of the customers. The installments are collected directly from the place of operations of the customers.
- The interest rate for the customer's investments is higher in comparison to banks and big financial institutions in fixed deposit as well as saving deposit.

Besides the plus points that the company offers, the company has some drawbacks as well according to the chairman of the company. The company provides unsecured loan services to the customers without any collateral. Hence, there is the possibility that the amount may not be returned and is insecure. In addition, presence of many financial institutions and banks create obstacle as sense of competition to provide services to every customers by the company. (Aryal 2013.)

The company includes customers from diverse tribes, religions and age groups but he/she must have a Nepali citizenship in order to become the member. The company finds the customers going from house to house asking if they are interested in financial support from the company. This is only the form of marketing activity that the company performs. (Aryal 2013.) Mr. Aryal (2013) mentions that the customers enrolled with the company are mostly people of average and low economic living standards. Further, he mentions that the role of saving and credit co-operatives is to encourage the customers to save their earnings and deposit in the organization so that the company can combine the small savings of the members, creating a large amount and helping them financially. Thus, Mr. Aryal (2013) sees a bright future of saving and credit co-operatives in the future as the cooperatives sector has played an important role in the poverty alleviation and employment generation in Nepal.

4.2 Analysis of questionnaires

As was previously verified in sub-chapter 2.2.2, empirical research was conducted through a set of mailed questionnaire. The questionnaire was sent by mail to the chairman of the case company which he had agreed upon to send to the customers of his company. The questionnaire was agreed to be sent to about 140 customers of the company which was divided into different age groups, sex and occupation of the customers. A total of 52 questionnaires feedback were received out of the customers of the company with a response rate of 34.5 %. The set of questionnaire that was sent to the respondents can be found in Appendix 1 in the thesis. The purpose of the questionnaire survey was to analyze the opinions and feedback of the company's customers about their perception about the company and their services.

From the total questionnaires feedback gathered, 58 % were males and 42 % were females' respondents. According to the chairman of the case company, the number of male customers is higher in comparison to the number of females in the organization. The respondents' age and sex group received from the questionnaire survey is presented in the form of a pie chart as shown below.

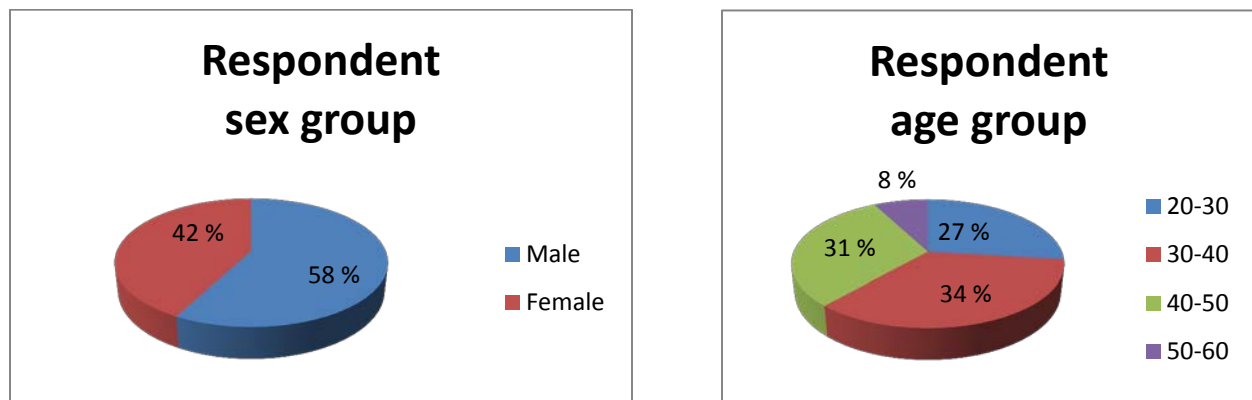


Figure 6. Percentage of respondent sex and age group

From the total questionnaires gathered, the number of males was actively higher in comparison to that of females. The above figure shows 58% males and 42% females represented in the

survey. The majority of the age group of respondents was between the ages of 30-40 (34%) followed by the age group of 40-50 (31%). To predict the reason for the high percent of males than of females could be the country where males work for the livelihood of his family. In Nepal, females usually do household works and the male earns for the family. This might be the reason for higher percent of males than females as the male depositors are more in comparison to the female in the case company as was discussed previously. Similarly, the age group of 30-40 and 40-50 could be the active working age and those people want to save their capital for the future. Probably this might be the reason for the high percent for those age groups. Therefore in the context of these results, the case company could target these age groups customers for the marketing activities so that the active working age of people could deposit their savings into the company which could benefit the company in increasing their number of customers. The occupation of the respondents' received from the results of the questionnaire survey is shown in the form of a pie chart as shown below.

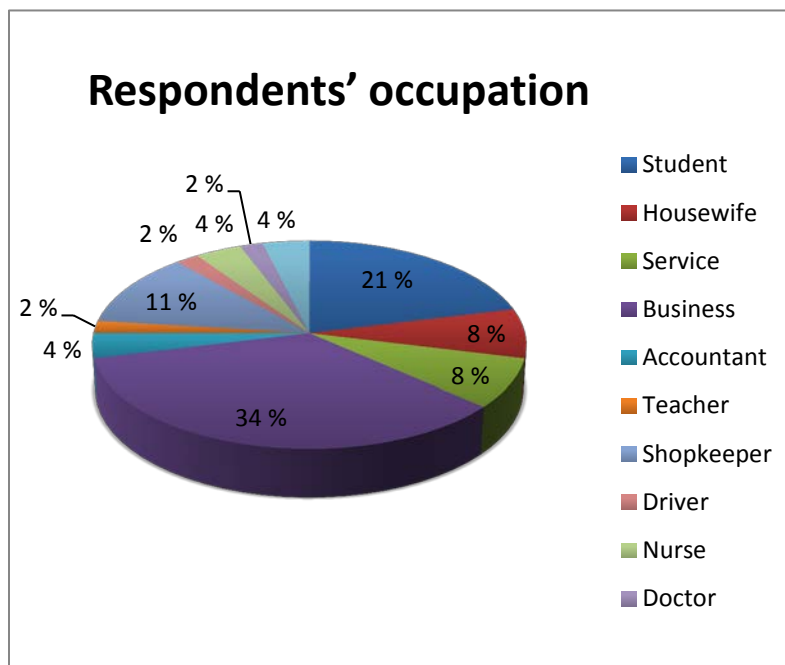


Figure 7. Respondents' occupation

The respondents' occupation rate of the case company is shown in the pie chart above. From the total questionnaire conducted, different occupation on the respondents' was disclosed. The

majority of the respondents (34%) were engaged in a business occupation in reference to the survey. The higher percentage of business people believed to save their capital in the saving and credit organization according to the survey. In addition, 21% of the total respondents were students. The students who are the customers of the organization play an important role to deposit their savings and get good interest out of it for their uses (Aryal 2013). Further, the respondents were engaged in other occupations such as teacher, housewife, drive and other services as shown in the above figure. The figure below shows the time period and perception of the respondents about the case company.

Time period of customers	Total	%	Satisfaction	Total	%	Competitive interest rate?	Total	%
Less than 1 year	17	34%	Yes	33	64.71%	Yes	40	78.43%
More than 1 year	33	66%	No	18	35.29%	No	11	21.57%

Figure 8. Time period and response rate of the customers of the case company

The figure above shows that 66% of the respondents were engaged as a customer in the case company for more than 1 year. This indicates that the customers have trust and belief in the case company's operation and activities. However, 34% of the respondents were enrolled for less than 1 year in the case company. The purpose to know the time period of the respondents was to analyze the active participation of the new and old customers of the case company. Out of 52 respondents, 65% were satisfied with the services and facilities that the case company provides to the customers compared to the 35% customers who were dissatisfied with the services. The dissatisfaction of the services may be of the respondents who have engaged for less than a year with the case company as they have not performed and operated with the company since long period of time. The case company should take note of the 35% of the respondents and work according to the needs and desires that the customers from the saving and credit organizations.

To mention about the perception of the respondents on the interest rate of the case company, 78% of the total respondents considered the interest rate was competitive and better for their savings in the company. Hence, the respondents' perception to recommend the case company to other people gathered from the questionnaire survey is shown in the pie chart below.

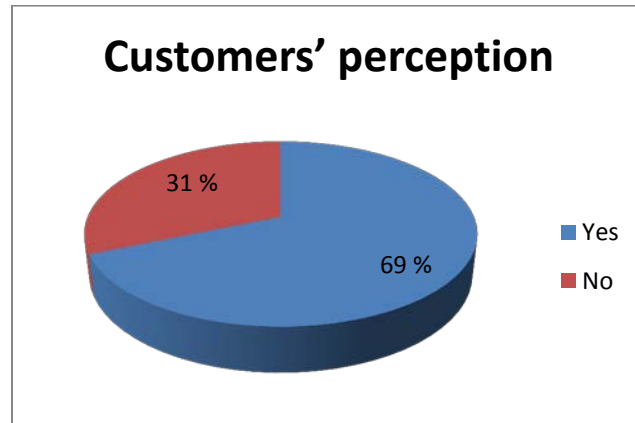


Figure 9. Respondents' perception about the case company

The respondents were inquired about their perception on recommending the case company to other people through a questionnaire survey. From the total respondents surveyed, 69% of the respondents recommended that the case company is good enough to work with in dealing with the financial transactions as shown in the figure. Comparing the 69% of customers who recommended, 31% of the respondents didn't recommend the company to other people. Even though the percent of the respondents' recommendation for the case company is high, there are respondents who are not satisfied with the services and performance of the case company. The case company must take notice of this and take further actions to increase their good performance in satisfying the customers.

4.3 Summary on the results of data collection

Analyzing the results of the semi-structured interview with the chairman of the case company and the questionnaire survey conducted with the customers of the case company, the case company is performing satisfactory in achieving their target of increasing their customers and competing with their rival companies. The interview and survey conducted helped to reveal the roles of customers in a customer oriented company. Analyzing the results of the interview conducted with the chairman of the case company and the questionnaire survey, the case company can be regarded as a customer oriented company because the activities and services provided to the customers are for the benefits and advantages to the customers. The results of the interview helped in understanding the role of the customers for the survival of the organization. Thus, the case company has been performing the mission of increasing the number of customers and depositors in the organization.

The suggestions and requirements of the customers require a lot of financial cost and time for the case company. The suggestions were from the point of view of the customers. Therefore, the customers expect services and facilities beyond the company's limit. However, the company could consider those suggestions as a positive aspect for the company's development and could progress gradually. Further, based on the interviews and questionnaires, the recommendations to achieve the objectives of the research and the case company are made which can be found in the following chapter 5. The recommendations were supported by the 7Ps of marketing mix for the promotional activities of the case company which could benefit the case company to achieve its objectives.

5 SUGGESTIONS BASED ON SURVEY AND 7Ps OF MARKETING MIX

The suggestions for the case company which are based on the feedback gathered from the questionnaire survey conducted among the respondents are made here. The respondents were inquired about their perception about the facilities and services of the case company and their opinions about improving the company in the questionnaire survey. In addition, the respondents were also asked to give their opinions for the case company to initiate the changes which the customers assume that the company was lacking. The suggestions were supported and developed through the 7Ps of marketing mix and based on the opinions and ideas of the respondents as well. The 7Ps of marketing mix is shown in the figure below.

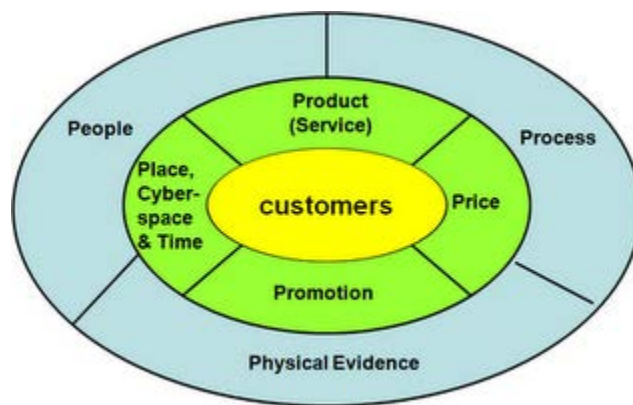


Figure 10. 7Ps of marketing mix (Word press 2013)

The product in the marketing mix is the offer made to the customers to satisfy their wants or needs which is a key ingredient of service (Nagpal & Sapre 2009, 39). The case company provides various services and facilities with an aim to attract their customers and satisfy them. A majority of the respondents of the case company were satisfied and some of them were not satisfied with those facilities and services. When inquired about the changes and suggestions that the company needs to change or offer, the majority of the respondents proposed that the company's interest rate should be higher than the current rate which would motivate more customers to deposit their savings in the company. Further, the respondents recommended a card

system from the company for easy access to withdraw money and therefore they would not have to visit the company frequently for financial transactions. The case company could add these new features of debit and credit card system facilities and think about changes in the interest rate to meet the customers' need and expectations from the company.

The good services and facilities of the company add trust and faith in the customers which plays a vital role in increasing the number of depositors and customers in the company. The purchases of customers are seen as investments and the expectation of that return of the investments should be price worthy for the customers (Brassington & Pettitt 2007, 224). The considered investment return in the form of interest from the saving and credit co-operatives is judged by the customers as their price. Adoption of good pricing policy of the company helps in the maximum sales of the company (Joshi 2012, 19). Providing special offers and discounts in loan services to the customers increases the pricing policy of services of the company. The respondents suggested the case company in increasing the loan facilities according to the type of customers they have such as students or working persons.

People are other important aspect in the 7P's of marketing. The interview and survey made it clear that customers are the key factor in the saving and credit industries. The company could create awareness of benefits of saving their capitals and income in saving and credit co-operatives among the public so that the public would be influenced to deposit their savings. This could be one of the ways in increasing the number of customers and depositors in the organization. High percent of the customers of the case company have trust and belief in the organization and are satisfied with the services they provide. On the other hand, there are still some of the customers who want the company to make changes in the services of interest rates and loan facilities. In order to retain the customers and increase new ones, the case company could think over the suggestions and recommendations of the customers and work on the solutions.

The case company is located in the city where transportation and basic facilities are available easily. Therefore, the customers of the case company living in cities gains more advantage in the services than the customers living far away from cities. Hence in the survey some of the

suggestions were made by the customers to open new branches for easy access to the customers living out of cities. Opening new branches require financial cost and time. The new branches of the case company could benefit the customers of the company for receiving good services from the company and in the increment of the customers as well.

Promotion and publicity of the company are essential to alert the customers about the benefits and services that the company provides to the people. Institutional advertising aims to build a strong and solid recognition in achieving the planned objectives with various target audiences for the whole organization (Brassington & Pettitt 2007, 327). According to the survey conducted, the customers recommended that a website containing a detail description and services of the case company could be developed in order to inform the people about the company. Internet is supplied and used by many people in Nepal which can play a key role in the promotion of the company. Social media marketing such as Facebook and Twitter could be used to promote the case company including the company's services to the customers which are an element of internet marketing (Charlesworth 2009, 348). Online services such as inquiring the balance of own personal account and transfer and payments of money could provide the customers' easy access and operation from the company. Hence publicity through websites could be another option for the case company for the marketing plan for the case company.

Market research could be another recommendation for the case company. Market research deals with the efforts that the company adopts to gather information about the market's size and trend (Marketing research 2010). To offer new services and policies by the company, the customers' needs and wants and current situation of the market must be known. The services and offers that should be given to the customers should be according to the market trend that prevails currently because what customers valued the previous year may not be the same in this year (Marketing research 2010). Therefore, by studying the market situation and customer needs the company could take action to plan and create strategies for the customer satisfaction and searching for new ones as well.

6 DISCUSSIONS AND CONCLUSIONS

The conclusions drawn during the research process are discussed here. This chapter also provides answers to the research questions and discusses the overall findings of the research from which the case company could receive the benefits to achieve their mission.

6.1 Conclusions

The research in the thesis was based on the customer orientation of saving and credit co-operatives of Nepal and the development plans of the case company. The research provided the outcomes on the possible ways and solutions to increase the number of customers in the case company and recommended ways for the company's further promotion and development. The interview and survey conducted during the research process revealed the company's operational activities and the customers' needs and wants from the case company. The interview conducted with the chairman exposed the pull and push factors of saving and co-operative limited. Moreover, saving and credit co-operatives in Nepal have been playing an important role to boost up the nation's economic development.

The research was formulated with three research questions. To accomplish the research, the research questions are answered and specified in this chapter. The outcomes of the research questions are discussed below. The first research question inquired about the pull factors of the saving and credit co-operatives and the customers' motivation in depositing their savings in saving and credit co-operatives rather than banks or other big financial institutions. The research question was addressed in the following way:

- 1 What elements of facilities influence customers to choose saving and credit co-operatives rather than banks or other big financial institutions for their monetary and financial activities?

The research question helped to identify the services and facilities of saving and credit co-operatives. The saving and credit co-operatives provide a high interest rate to the customers compared to banks based on the results of the research. The high interest rate motivates the customers to deposit in the saving and credit co-operatives to receive expected return of their investments. In addition, the loan facilities with minimum rate of interest influence the customers to choose saving and credit co-operatives rather than banks or big financial institutions. The services and facilities of the case company are discussed in sub-chapter 4.1.

The second research question concentrated on the marketing and promotional activities of the case company via different mediums such as websites, trust building activities and public awareness in order to increase the number of customers for the case company. The research question was formulated in the following way:

2 How do marketing plan and publicity activities help in increasing number of customers in saving and credit co-operatives?

As was discussed in chapter 5, promotional activities alert the people about the services and facilities of the case company, the people would be keen to invest due to good interest rate of the company. The promotional activities and marketing plan gains the people's attention towards the company which adds a positive impact for the company in increasing the number of customers. In addition, trust building activities as discussed in sub-chapter 3.3 creates faith in the customers which helps in attracting as well as retaining customers in the company.

The third research question focused on the plans and ideas that the case company could adopt for its further development to compete with other banks and co-operatives. The research question was as follow:

3 What actions are to be taken and strategies to be created for further development and promotion of the case company to compete with other co-operatives and banks?

The plans and ideas as were discussed previously in chapter 3 could benefit the company for their further development and progress to compete with other co-operatives and banks. The improvement of services to the customers and satisfying them should be the main motive of the saving and credit co-operatives. Trust and customer care policy are the essential factors that drives the saving and credit co-operatives towards the path of success based on the research. Further, recommendations as were discussed in chapter 5 are expected to help the case company for its further financial and organizational success.

The results of the interview and survey made it possible to answer the research questions which were essential part of the research. To meet the objectives of the research, the operation procedures of the case company were analyzed and dealt with it to provide advantageous outcomes to the case company. The requirements of the customers from the case company were found out through the questionnaire survey and were analyzed from which suggestions were developed with the help of marketing mix. In addition, the analysis of interview with the chairman in sub-chapter 4.1 helped in receiving clear view of the operation of saving and credit co-operatives in Nepal. The trust building advantages and procedures discussed in sub-chapter 3.3 and SWOT analysis of the company as verified in sub-chapter 3.4 helped in determining the importance of trust with the customers and company's progress and problems in saving and credit co-operative organizations. The case company could maximize their services and process of operation by identifying the strengths and opportunities from the SWOT analysis. Additionally, threats and weaknesses could be utilized by the company for minimizing and avoiding the risks in the company. The recommendations were generated in chapter 5.

The outcomes of the research are expected to help the case company to achieve their missions and visions in the long run. As discussed previously, saving and credit co-operatives help in boosting up the nation's economic condition therefore, the research aimed at providing benefits and recommendations for the progress of the saving and credit co-operative organizations in Nepal. The outcomes from the research could be taken into consideration by the case company to achieve the mission and objectives of the company.

6.2 Suggestions for future research

The results of the thesis indicate the opportunities for future research for the case company. During the thesis process, few suggestions were developed based on the research. On the basis of the research, I would suggest on conducting a research on the importance of trust in financial institutions for the long term relationships with the customers. Without trust and faith in the company, the customers would not feel safe to invest and deposit in the organization based on the research. Hence, it would be possible to research and analyze the trust building relationship in financial institutions for customer satisfaction.

Moreover, the suggestions for future research could be conducted on focusing on the role of saving and credit co-operatives in remote areas of Nepal and identifying the obstacles and problems in operating in those areas. In addition, the research could also be conducted on the small organizations of Nepal that are helping and boosting up the economic development of Nepal by providing assistance to the needy people.

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APPENDICES

Appendix 1
1 (1)

Survey questionnaire

Age:**Male () Female ()****Occupation:****1 How long have you been the customer of this co-operative organization?**

- a) Less than 1 year
- b) More than 1 year

2 Are you satisfied with the services provided by co-operatives in Nepal?

- a) Yes
- b) No

3 Does your co-operative organization offer competitive interest rates in your opinion?

- a) Yes
- b) No

4 Would you recommend this co-operative organization to your friends, relatives or associates?

- a) Yes
- b) No

5 What services and facilities do you want the cooperative to offer or change?

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6 Suggestions for the company

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INTERVIEW CONDUCTED WITH BINOD ARYAL, CHAIRMAN, REAL SAVING AND CREDIT CO-OPERATIVE LIMITED.

Interviewer: What initiated you to establish co-operative organization in Nepal?

Interviewee: Nepal is a small country in its developing phases where maximum people are engaged in agricultural activities, animal husbandry and many other small cottage industries. I myself belong to an agricultural family where the main source of income was through the production of wheat, barley and many other such agro products. My parents used to rear various animals such as cows, buffalos, goats and got milk from them which were sold in the local market. Due to the absence of proper money lending and financial support providing organizations, the villagers had to face many problems. The local so called 'jamindars' did provide loans but at a very high rate and only with collateral. They exploited the villagers who were illiterate due to the absence of educational institutions in the rural area. Thus, seeing all these and growing up in such an environment made me realize the need for proper organizations that could help the villagers and their village develop. Thus, in summary, it can be said that the economic condition of Nepal initiated me to establish the co-operative organization in Nepal.

Interviewer: What kind of facilities and services do you provide to your customers?

Interviewee: We don't treat the members of our co-operative as customers; we treat them as the members of our co-operative family. They all are our share holders. A minimum price is set for the shares and any extra amount is paid by the shareholders as per their will and economic status. Thus, the members are given the independence and freedom to themselves decide what amount to invest and how much shares to buy. Now talking about the provision of facilities and services, the members are provided financial aid to solve their financial problems, they are provided help in the promotion and growth of their businesses and profession, to increase their living standards

by increasing the prospects of their income sources by helping them financially in any way possible and also encouraging them to invest in new areas by providing them loan at a minimum rate of interest. Dividend is also issued time and again in ratio of the shares held by the members of our co-operative.

Interviewer: What kind of response and feedback do you receive from your customers?

Interviewee: On the concept of ‘one for all and all for one’, the members are helped in the time of need. The shareholders are helped in their financial problems and are provided financial help to start, promote, sustain and grow their businesses and professions. Loans are provided at a concessional rate and the amount is collected in small installments to make it easy for the debtors to pay their loans. Besides, the installments are collected directly from the place of operation of their businesses making it convenient for the members to pay their loans. All these make it easier both for the organization and the debtors to collect and pay the amount respectively. Due to the availability of such facilities, our members are very happy with our services.

Interviewer: Do you give offers and benefits to your customers to make them satisfied from the company? If yes, please describe the offers and benefits.

Interviewee: Yes, we do offer various benefits to our customers to make them satisfied from the company. Some of them are listed below:

- a) Loans are provided at a very minimum rate of interest on the basis of their savings
- b) Loans are provided without any form of collateral
- c) The customers need not go through long processes to get the loans. The process of getting loan is very simple and easy.
- d) As per the convenience of the customers, installments are collected in daily, weekly, fortnightly, monthly, half-yearly or yearly basis.

e) The process of repayment of the loans provided has been made easy understanding the importance of the time of the customers. The installments are collected directly from the place of operations of the customers, etc.

f) The interest rate for the customer's investments is higher in comparison to banks and big financial institutions in fixed deposit as well as saving deposit.

Interviewer: What groups of customers do you have in your organization?

Interviewee: As Nepal itself is a country of ethnic diversity, our co-operative consists of members from various ethnic groups. People of various caste and culture, people of various professions, speaking various languages and belonging to various religions are there in our co-operative. But, in order to be a member, the member must have a Nepali citizenship.

Interviewer: How do you find your customers? Do you segment your customers?

Interviewee: We reach out to the people who may be in the need for financial supports and those in needs also reach out to us as per their necessity. As per the 'Nepal Co-Operatives Act 2048(1992)', the co-operatives are not allowed to make false advertisements in order to increase the no. of their shareholders.

As there exists diversity in the composition of shareholders of a co-operative as they are from various religious, cultural and ethnic backgrounds, belonging to various age groups and also in the respect of economic status, all of them need to be treated equally and provided with necessary facilities irrespective of their status not considering the number of shares held. Each shareholder, irrespective of the no. of shares held, is provided with the right of a single vote, ensuring their equality. Thus, no such segmentation has been done.

Interviewer: Do you perform any kind of marketing activities to promote your company? If yes, please describe the activities that you perform.

Interviewee: No such activities of advertisement in particular are performed by us. As stated in the first part of answer no. 6, we reach out to the people in need, going from house to house asking if they are interested. People in need also come to us. Besides, false advertisements are not allowed and are strictly prohibited.

Interviewer: What problems and obstacles do you see in operating your co-operative organizations?

Interviewee: There are some problems in operating our co-operative organizations;

- a) We provide unsecured loans without any collateral thus there is a sense of insecurity.
- b) We feel that the law of the land is insufficient and its applicability is not effective enough to act against the unethical debtors in case there arises a default in the payment of loans taken by them.
- c) Sometimes due to the limit in the amount of savings, enough amount is not raised thus the investments have to be limited. This limits the amount of income raised from the provision of loans.
- d) We are a co-operative operating in an urban area. Because of this, there are not many areas for us to provide our facilities in the city due to the presence of many other financial institutions and banks.

Interviewer: Do you find the role of co-operatives as vital in providing economically challenged and underprivileged citizens an easy access to saving and credit services across the nation?

Interviewee: The major composition of our members enrolled with us consist of economically challenged and underprivileged citizens, people of average and low economic and living standards. We combine the small savings of the members, creating a large amount and helping them financially. This helps in encouraging the habit of saving. Encouraging them to save their

earnings will help to raise their living standards for the future use. Besides, cooperatives provide loans at a very concessional rate as compared to the local zamindars and that too without any need for collateral. This helps to cover a large portion of the country's underprivileged population which was unable to get financial help in the past. The availability of such facilities has definitely helped develop the rural areas and the living standards of the people by increasing their sources of income and raising the level of literacy as well. Thus, the role of co-operatives is definitely vital in providing economically challenged and underprivileged citizens an easy access to saving and credit services across the nation.

Interviewer: What are the future prospects of co-operative services in Nepal in your opinion?

Interviewee: The year 2012 was celebrated as the International Year of Cooperatives as declared by the United Nations with the slogan "Cooperative Enterprises Build a Better World ". The 56th National Cooperative Day was recently observed amidst different programs in Nepal with an aim of boosting this sector for the economic prosperity of the country. In Nepal, the cooperatives sector has played important role in the poverty alleviation and employment generation. The cooperative movement is seen a tool to alleviate poverty and develop entrepreneurship among the grass-root level. The government has also declared cooperatives as one of the pillars of the economy besides public and private and has been focusing on its development and promotion throughout the country. The various parties also understand the need of cooperatives in a country like Nepal and are engaged in the promotion of cooperatives.

The future of cooperatives in Nepal is very bright and this can be supported by the fact that currently there are a total of about 27,000 cooperatives across the country and more than 4.5 million people are directly or indirectly involved in the sector which is far better than the numbers in the previous decades, also the involvement is increasing day by day. Thus, we can conclude that the future of cooperatives is definitely bright.